



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4  
ATLANTA FEDERAL CENTER  
61 FORSYTH STREET  
ATLANTA, GEORGIA 30303-8960

AUG 30 2012

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. Grady Shields, Esq.  
Wyrick Robbins Yates & Ponton LLP  
4101 Lake Boone Trail, Suite 300  
Raleigh, North Carolina 27607

Re: Transformer Salvage, Inc.  
Consent Agreement and Final Order (CAFO)  
Docket No. TSCA-04-2012-2907(b)

Dear Mr. Shields:

Enclosed please find a copy of the executed CAFO as filed with the Regional Hearing Clerk (RHC) in the above-referenced matter. The CAFO is effective on the date it is filed with the RHC, and the penalty due date is calculated from the effective date.

Also enclosed, please find a copy of a document entitled "Notice of Securities and Exchange Commission Registrants' Duty to Disclose Environmental Legal Proceedings." This document puts Transformer Salvage, Inc. on notice of its potential duty to disclose to the Securities Exchange Commission any environmental actions taken by the U.S. Environmental Protection Agency.

If you have any questions or concerns, please contact Kris Lippert, of my staff, at (404) 562-8605.

Sincerely,

César A. Zapata, Chief  
RCRA and OPA Enforcement and Compliance Branch  
RCRA Division

Enclosures

Docket No. 772943

UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY  
ATLANTA, GEORGIA

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HEARING CLERK

In the Matter of: )

Transformer Salvage, Inc. )  
1424 Emmaus Church Road )  
Dudley, North Carolina 28333 )

Respondent. )  
\_\_\_\_\_ )

Docket No. TSCA-04-2012-2907(b)

**CONSENT AGREEMENT AND FINAL ORDER**

**I. Nature of the Action**

1. This is a civil penalty proceeding pursuant to Section 16(a) of the Toxic Substances Control Act (TSCA), 15 U.S.C. § 2615(a), and pursuant to the Consolidated Rules of Practice Governing Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (Consolidated Rules), 40 C.F.R. Part 22. Complainant is the Director of the RCRA Division, United States Environmental Protection Agency, Region 4 (EPA). Respondent is Transformer Salvage, Inc.
2. The authority to take action under Section 16(a) of TSCA, 15 U.S.C. § 2615(a), is vested in the Administrator of the Environmental Protection Agency. The Administrator of the EPA has delegated this authority under TSCA to the EPA Regional Administrators by EPA Delegation 12-2-A, dated May 11, 1994. The Region 4 Regional Administrator has redelegated this authority to the Director of the Resource Conservation and Recovery Act (RCRA) Division by EPA Region 4 Delegation 12-2-A, dated January 14, 2009. Pursuant to that Delegation, the Director of the RCRA Division has the authority to commence an

enforcement action as the Complainant in this matter and has the authority to sign Consent Agreements memorializing settlements between the EPA and Respondent.

3. Complainant and Respondent have conferred for the purpose of settlement pursuant to 40 C.F.R. § 22.18 and desire to resolve this matter and settle the allegations described herein without a formal hearing. Therefore, without the taking of any evidence or testimony, the making of any argument, or the adjudication of any issue in this matter, and in accordance with 40 C.F.R. § 22.13(b), this Consent Agreement and Final Order (CAFO) will simultaneously commence and conclude this matter.

## **II. Preliminary Statements**

4. The Administrator of EPA promulgated regulations pertaining to Polychlorinated Biphenyls (PCBs) in 40 C.F.R. Part 761, pursuant to Section 6(e) of TSCA, 15 U.S.C. § 2605. Failure to comply with any such rule constitutes a violation of Section 15 of TSCA, 15 U.S.C. § 2614. Any person who violates a provision of Section 15 of TSCA may be assessed a penalty of up to \$32,500 for each such violation occurring between March 15, 2004, and January 12, 2009, in accordance with Section 16(a) of TSCA and 40 C.F.R. Part 19, as amended. For each such violation occurring after January 12, 2009, a penalty of up to \$37,500 may be assessed. Each day a violation continues may constitute a separate violation.
5. Pursuant to 40 C.F.R. § 22.5(c)(4) the following individual is authorized to receive service for EPA in this proceeding:

Doug McCurry, Chief  
North RCRA and OPA Enforcement and Compliance Section  
RCRA and OPA Enforcement and Compliance Branch  
RCRA Division  
U.S. EPA Region 4  
61 Forsyth Street  
Atlanta, Georgia 30303-8960  
(404) 562-8649

### **III. Specific Allegations**

6. Respondent is a user of PCB Items operating in the State of North Carolina and is a "person" as defined in 40 C.F.R. §761.3.
7. On or about December 7, 2011, EPA conducted an inspection at Respondent's facility located at 1424 Emmaus Church Road, Dudley, North Carolina, 28333, to determine compliance with the PCB regulations. .
8. At the time of the inspection, representatives of Respondent advised EPA's inspectors that the facility receives drained transformers that have contained up to 499 parts per million (ppm) of PCBs. The drained transformers are triple rinsed with diesel and sold to China for scrap metal.
9. In a letter Respondent sent to EPA, dated April 23, 2012, Respondent stated that it had shipped twenty-six (26) drained and triple rinsed PCB-Contaminated transformers to China in 2010 and 2011. Each transformer was in the range of 3 KVA to 25 KVA.
10. Pursuant to 40 C.F.R. § 761.97, any person is prohibited from exporting PCBs or PCB Items for disposal without an exemption. Respondent exported PCBs for disposal without an exemption and thereby violated 40 C.F.R. § 761.97.
11. Pursuant to 40 C.F.R. §§ 761.60(b)(4) and (b)(6)(ii)(A), ) any person disposing of a PCB-Contaminated Article is required to remove all free-flowing liquid from the article, dispose of the liquid in accordance with 40 C.F.R. § 761.60(a), and dispose of the PCB-Contaminated Article (containing no free-flowing liquid) using one of the methods specified in 40 C.F.R. § 761.60. Respondent failed to remove all free-flowing liquid from PCB-Contaminated transformers in accordance with 40 C.F.R. §§ 761.60(b)(4) and (b)(6)(ii)(A).
12. Pursuant to 40 C.F.R. §§ 761.40(a)(10) and (h), storage areas used to store PCBs

and PCB Items for disposal are required to be marked with the M<sub>L</sub> mark in accordance with 40 C.F.R. § 761.45(a).

13. At the time of the inspection, the facility's PCB Storage Area where nine (9) 55-gallon drums of PCB-Contaminated oil were being stored was not labeled with an M<sub>L</sub> mark. Therefore, Respondent violated 40 C.F.R. §§ 761.40(a)(10) and h.

#### **IV. Consent Agreement**

14. For the purposes of this CAFO, Respondent admits the jurisdictional allegations set forth above and neither admits nor denies the factual allegations.
15. Respondent waives its right to a hearing on the allegations contained herein and its right to appeal the proposed final order accompanying the consent agreement.
16. Respondent consents to the assessment of the penalty proposed by EPA and agrees to pay the civil penalty as set forth in this CAFO.
17. Respondent certifies that as of the date of its execution of this CAFO, it is in compliance with all relevant requirements of TSCA.
18. This CAFO constitutes a settlement by EPA of all claims for civil penalties pursuant to Section 16(a) of TSCA, for the specific violations alleged herein. Except as specifically provided in this CAFO, EPA reserves all other civil and criminal enforcement authorities, including the authority to address imminent hazards. Compliance with this CAFO shall not be a defense to any other actions subsequently commenced pursuant to Federal laws and regulations administered by EPA, and it is Respondent's responsibility to comply with said laws and regulations.
19. Complainant and Respondent agree to settle this matter by their execution of this CAFO. The parties agree that the settlement of this matter is in the public interest and that this CAFO is consistent with the applicable requirements of TSCA.

**V. Final Order**

20. Respondent is assessed a civil penalty of SIX THOUSAND AND TWO HUNDRED AND THIRTY SIX DOLLARS (\$6,236), which shall be paid within 30 days from the effective date of this CAFO.
21. Respondent shall remit the civil penalty by either a cashier's or certified check made payable to the "Treasurer, United States of America," and shall send the check to the following address by U.S. Postal Service:

U.S. Environmental Protection Agency  
Fines and Penalties  
Cincinnati Finance Center  
PO Box 979077  
St. Louis, MO 63197-9000.

**The check shall reference on its face the name of the  
Respondent and Docket Number of this CAFO.**

For payment submittal by any overnight mail service (Fed Ex, UPS, DHL, etc.), please use the following address:

U. S. Bank  
1005 Convention Plaza  
Mail Station SL-MO-C2GL  
St. Louis, MO 63101

Contact: Natalie Pearson (314) 418-4087

22. At the time of payment, Respondent shall send a separate copy of the check and a written statement that the payment has been made in accordance with this CAFO, to each of the following persons at the following addressees:

Regional Hearing Clerk  
U.S. EPA Region 4  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303-8960;

## VI. Effective Date

28. The effective date of this CAFO shall be the date on which the CAFO is filed with the Regional Hearing Clerk.

### AGREED AND CONSENTED TO:

**Respondent:** Transformer Salvage, Inc.  
**Docket No.:** TSCA-04-2012-2907(b)

By: [Signature] (Signature) Date: 8-18-12  
Name: Woodward Wilson Sr (Typed or Printed)  
Title: Manager (Typed or Printed)

**Complainant:** U.S. Environmental Protection Agency

By: [Signature] Date: 9-28-12  
Alan Farmer, Director  
RCRA Division  
61 Forsyth Street  
Atlanta, Georgia 30303-8960

APPROVED AND SO ORDERED this 30 day of August, 2012.

By: [Signature]  
Susan B. Schub  
Regional Judicial Officer

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day filed the original and a true and correct copy of the foregoing Consent Agreement and the attached Final Order (CAFO), for Transformer Salvage, Inc., Docket Number: TSCA-04-2012-2907(b), on 8-30-12, and on 8-30-12, served the parties listed below in the manner indicated:

Lynda Crum (Via EPA Internal Mail)  
Associate Regional Counsel  
Office of Environmental Accountability  
United States Environmental Protection Agency, Region 4  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303-8909

Kris Lippert (Via EPA Internal mail)  
RCRA and OPA Enforcement  
and Compliance Branch  
U.S. EPA, Region 4  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303-8960

Quantindra Smith (Via EPA Internal mail)  
RCRA and OPA Enforcement  
and Compliance Branch  
U.S. EPA, Region 4  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303-8960

Grady Shields, Esq. (Via Certified Mail – Return Receipt Requested)  
Wyrick Robbins Yates & Ponton LLP  
4101 Lake Boone Trail, Suite 300  
Raleigh, North Carolina 27607

Date: 8-30-12



Patricia A. Bullock, Regional Hearing Clerk  
United States Environmental Protection Agency, Region 4  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303  
(404) 562-9511





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4

ATLANTA FEDERAL CENTER  
61 FORSYTH STREET  
ATLANTA, GEORGIA 30303-8960

MAR 26 2012

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. Woody Wilson  
Past President  
Transformer Salvage, Inc.  
P.O. Box 888  
1424 Emmaus Church Road  
Dudley, North Carolina 28333

SUBJECT: Notice of Violation of the Toxic Substances Control Act  
and Notice of Opportunity to Show Cause

Dear Mr. Wilson:

The purpose of this letter is to advise you that the United States Environmental Protection Agency has determined that Transformer Salvage, Inc. (TS) has violated Section 15 of the Toxic Substances Control Act (TSCA), 15 U.S.C. § 2614, and the Polychlorinated Biphenyl (PCB) regulations promulgated in 40 C.F.R. Part 761, as explained more fully below and in the enclosed Summary of Alleged Violations.

On December 7, 2011, the EPA conducted an inspection at the TS facility located at 1424 Emmaus Church Road, Dudley, North Carolina, to determine compliance with the PCB regulations, as well as the Resource Conservation and Recovery Act (RCRA) regulations. Information obtained by the EPA during the inspection indicates that TS has violated TSCA and the PCB regulations.

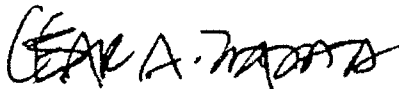
Violations of Section 15 of TSCA are subject to an enforcement action pursuant to Section 16 of TSCA, 15 U.S.C. § 2615, which provides for the initiation of civil and/or criminal actions. Any person who violates Section 15 of TSCA may be assessed a penalty of up to \$32,500 for each such violation occurring after March 15, 2004, in accordance with Section 16(a) of TSCA. For a violation occurring after January 12, 2009, a penalty of up to \$37,500 may be assessed pursuant to 40 C.F.R. Part 19. Each day a violation continues may constitute a separate violation.

Since TS may be classified as a small business, we have enclosed a copy of an Information Sheet titled "U.S. EPA Small Business Resources." This document includes information regarding compliance and rights that TS may be entitled to under the Small Business Regulatory Enforcement Fairness Act (SBREFA). A quick reference guide identifying contacts for assistance with small business issues is also included.

Prior to initiating enforcement action, the EPA is offering TS the opportunity to meet with the EPA to show cause as to why the EPA should not initiate enforcement action. During such meeting, TS may provide any facts, documentation, information, or additional evidence that TS believes will shed light on the alleged violations. Additionally, if the parties agree, the meeting may also serve as an opportunity to discuss settlement of this matter.

If TS wishes to meet in person with the EPA, or to convene a conference call to discuss this matter, we request that you contact Kris Lippert of the EPA Region 4 staff, at (404) 562-8605 within ten (10) days of receipt of this letter. If we do not hear from you in that time, we will assume that TS does not wish to accept our offer to meet or have a conference call or to enter into settlement negotiations with the EPA at this time.

Sincerely,

A handwritten signature in black ink, appearing to read "Cesar A. Zapata".

Cesar A. Zapata, Chief  
RCRA and OPA Enforcement and Compliance Branch  
RCRA Division

Enclosures

## ENCLOSURE

### Summary of Violations

Based on the results of an inspection conducted by the EPA at Transformer Salvage, Inc. (TS), on December 7, 2011, the EPA has determined that TS has violated the Toxic Substances Control Act (TSCA), 15 U.S.C. § 2614, and the PCB regulations promulgated at 40 C.F.R. Part 761, as described herein. TS recycles surplus and scraps electrical equipment. The facility employs approximately ten (10) full-time employees and operates ten (10) hours per day, four (4) days per week.

During the inspection, TS told inspectors that the facility receives drained transformers that have contained fluid with up to 499 parts per million (ppm) of PCBs. The drained carcass and transformer cores are triple rinsed with diesel fuel and sold to China for scrap metal. TS receives approximately 2000 pole and pad-mounted transformers per year and approximately 75 power transformers per year.

**Violation I.** 40 C.F.R. § 761.97 prohibits any person from exporting PCBs or PCB Items for disposal without an exemption.

By exporting to China PCB equipment with PCB concentrations  $\geq 50$  ppm without an exemption, TS has violated 40 C.F.R. § 761.97.

### **Violation 2. Failure to Properly Dispose of PCB-Contaminated Electrical Equipment**

40 C.F.R. § 761.60(b)(4) and (b)(6)(ii)(A) requires any person disposing of a PCB-Contaminated Article to remove all free-flowing liquid from the article, to dispose the liquid in accordance with paragraph (a) of this section, and to dispose the PCB-Contaminated Article with no free-flowing liquid by only one of the stated methods.

During the December 7, 2011, inspection, TS told inspectors that the facility receives drained transformers that have had up to 499 parts per million (ppm) of PCBs. The drained transformer carcass and cores are triple rinsed with diesel fuel and sold to China for scrap metal. Triple rinsing is not one of the stated, allowable methods for ensuring the removal of all free-flowing liquids. Therefore, TS violated 40 C.F.R. § 761.60(b)(4) and (b)(6)(ii)(A) by disposing of PCB-contaminated transformers without first removing all free-flowing liquids.

### **Violation 3. Failure to Properly Mark the PCB Storage Area**

40 C.F.R. § 761.40(a)(10) and 761.40 (h) requires PCB Storage areas to be marked with the M<sub>L</sub> label in accordance with 40 C.F.R. § 761.45(a).

During the December 7, 2011, inspection, TS did not have its PCB Storage Area marked with an M<sub>L</sub> label.